

Senate File 2346 - Introduced

SENATE FILE 2346
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 3102)

A BILL FOR

1 An Act relating to certain coverage provisions contained in
2 uninsured and underinsured motor vehicle insurance coverage.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 516A.2, subsection 3, Code 2009, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 3. A policy to which this chapter applies shall not include
5 any type of step-down provision or exclusion that operates to
6 reduce or eliminate uninsured or underinsured motor vehicle
7 coverage for the reason that the person is injured due to the
8 fault of a relative who is a household member insured under
9 the policy, unless the insurer also makes available a policy
10 with limits of uninsured or underinsured motor vehicle coverage
11 that are not subject to a step-down provision or exclusion as
12 described above. An insurer shall provide notice directly to
13 the named insured under a policy containing such a step-down
14 provision or exclusion that the policy contains no coverage
15 or reduced coverage for injuries if a person is injured due
16 to the fault of a relative who is a household member insured
17 under the policy, and informing the insured that coverage is
18 available which is not subject to such a step-down provision
19 or exclusion. Such notice shall be provided to the insured
20 at the time of issuance of the policy and at least annually
21 thereafter.

22 Sec. 2. Section 516A.2, Code 2009, is amended by adding the
23 following new subsections:

24 NEW SUBSECTION. 4. An insurer providing uninsured and
25 underinsured motor vehicle coverage shall make available the
26 same limits of coverage that the insurer offers for bodily
27 injury liability coverage. However, the purchaser of the
28 uninsured and underinsured motor vehicle coverage is not
29 required to purchase those same limits of coverage.

30 NEW SUBSECTION. 5. This chapter shall not be construed
31 to prohibit an insurer from including in the policy an
32 antistacking provision based on multiple policies or multiple
33 vehicles, or both. If multiple policies are applicable to an
34 injured person, the injured person shall be entitled to recover
35 pursuant to the terms of the policies, but the available amount

1 of coverage shall not be less than the single highest limit of
2 any of the applicable policies.

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EXPLANATION

4 This bill relates to uninsured and underinsured motor
5 vehicle insurance coverage.

6 Code section 516A.2 is amended to prohibit step-down
7 provisions or exclusions in motor vehicle insurance policies
8 that operate to reduce uninsured or underinsured motor vehicle
9 coverage because a person is injured by, or while occupying
10 a vehicle being operated by, a relative as defined in Code
11 section 523I.102 or household member insured under the policy
12 unless the insurer makes available a policy that is not
13 subject to such a step-down provision or exclusion. An insurer
14 is required to notify the insured about the effect of the
15 step-down provision or exclusion and about the availability of
16 coverage without the step-down provision or exclusion.

17 The bill also requires an insurer providing uninsured and
18 underinsured motor vehicle coverage to make available the same
19 limits of coverage that the insurer offers for bodily injury
20 liability coverage. The purchaser of such coverage, however,
21 is not required to purchase those same limits of coverage.

22 The bill also provides that Code chapter 516A shall not be
23 construed to prohibit an insurer from including in a policy an
24 antistacking provision based on multiple policies or vehicles,
25 or both. If multiple policies are applicable to an injured
26 person, the injured person is entitled to recover pursuant to
27 the terms of the policies but the available amount of coverage
28 shall not be less than the single highest limit of any of the
29 applicable policies.